



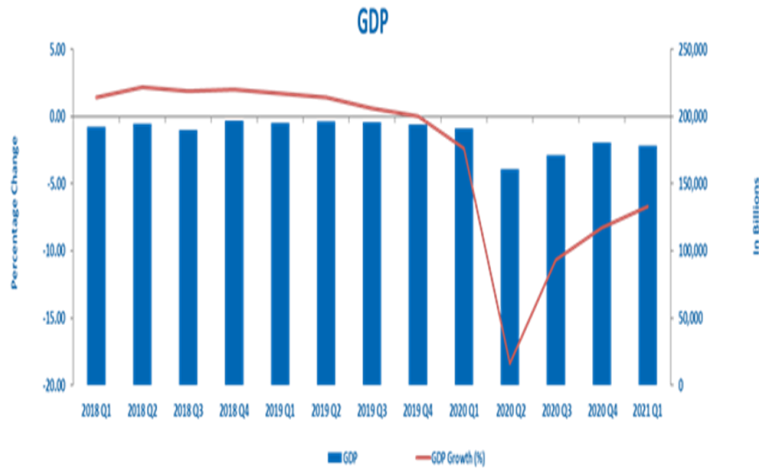
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the total value added in the first quarter of 2021 declined by 6.7 per cent when compared to the similar quarter of 2020.

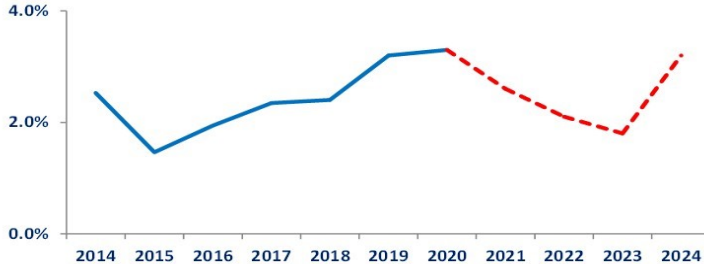
Lower levels of activity were recorded in all Services Industries with the exception of the Producers of Government Services which remained relatively unchanged. Declines were recorded for: Hotels & Restaurants (55.9%), Other Services (21.9%), Transport, Storage & Communication (7.8%), Electricity & Water Supply (6.9%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (5.1%), Real Estate, Renting & Business Activities (1.9%) and Finance & Insurance Services (1.2%).

Within the Goods Producing Industries higher output levels were recorded in Construction (10.5%) and Mining & Quarrying (7.1%). Growth in the Construction industry for the review period was largely due to building construction. While growth in the Mining & Quarrying industry primarily attributed to increased output levels for crude bauxite and alumina.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



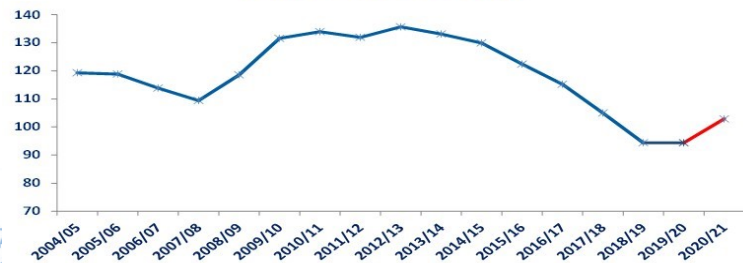
Total Expenditure for the period April to July 2021 amounted to \$229.84 billion, \$7.33 billion less than the budgeted amount of \$237.17 billion. Recurrent expenditure which totalled \$209.05 billion, accounted for 90.95% of overall expenditures.

Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Employee Contribution' and 'Interest'. 'Employee Contribution' amounted to \$7.42 billion which was \$538.10 million or 7.8% more than budgeted. 'Interest' totalled \$42.52 billion, 4.4% above the budgeted amount of \$40.72 billion. Conversely 'Compensation of Employees' totalled \$78.44 billion, \$946.50 million below the budgeted amount of \$79.39 billion. 'Programmes' totalled \$88.08 billion, 6.5% less than budgeted. Additionally, 'Wages & Salaries' totalled \$71.02 billion, 2.0% less than the budgeted amount of \$72.50 billion.

The 'Fiscal Deficit' was \$4.31 billion, relative to a 'Projected Deficit' of \$28.90 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$38.21 billion, relative to the budgeted Primary Surplus of \$11.82 billion.

DEBT TO GDP

Total Debt to GDP (%)



The debt-to-GDP is projected at 110.0% at end-FY2020/21, representing a 15.3 percentage point increase over the outturn at end-March 2020. This increase is mainly due to the estimated 11.6% decline in real GDP during FY 2020/21. As at June 2021, Jamaica's total debt stands at \$ 2.16 trillion.

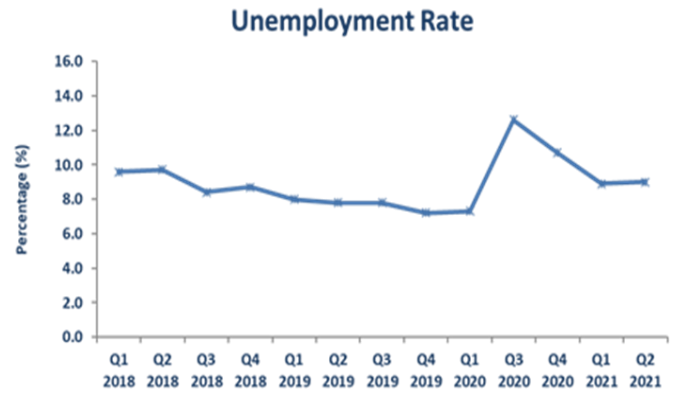
Jamaica's economic and fiscal resilience was tested during FY 2020/21, with a shortfall of \$78bn or 3% of GDP in tax revenues, due to the impact of the pandemic. The economy is expected to return to positive growth in FY 2021/22 and continue throughout the medium term. Real GDP is projected to grow by an average of 4.1% over fiscal years 2021/22 to 2024/25. Output growth of 5.2% is projected for FY 2021/22, as the demand for goods and services increase over their FY 2020/21 levels.

The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



LABOUR FORCE

Labour force	January Q1	April Q2	July Q3	October Q4
2014	1,305,500	1,311,100	1,303,700	1,310,200
2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	1,358,300	1,371,600	1,371,200	1,346,800
2018	1,331,800	1,345,900	1,334,700	1,334,900
2019	1,340,200	1,349,900	1,360,800	1,345,100
2020	1,369,500	na	1,279,600	1,293,600
2021	1,310,900	1,206,000	-	-



According to STATIN, as at April 2021 there were 1,206,000 employed persons. Relative to April 2019 there were 30,600 fewer males and 9,900 fewer females employed. In April 2021, the unemployment rate was 9%. This was 1.2% higher than the rate in April 2019. Of the 1,206,000 persons employed in April 2021, 661,900 were males while 544,100 females. There were 40,500 or 3.2% less employed persons relative to the 1,246,500 persons employed in April 2019. There were 30,600 or 4.4% fewer males and 9,900 or 1.8% fewer females in the employed labour force. In April 2021 there were 119,400 unemployed persons. This was 14,200 more persons compared to April 2019. The number of unemployed males was 53,400 an increase of 13,600 or 34.2%. The number of unemployed females was 66,000 compared to 65,400 in April 2019.

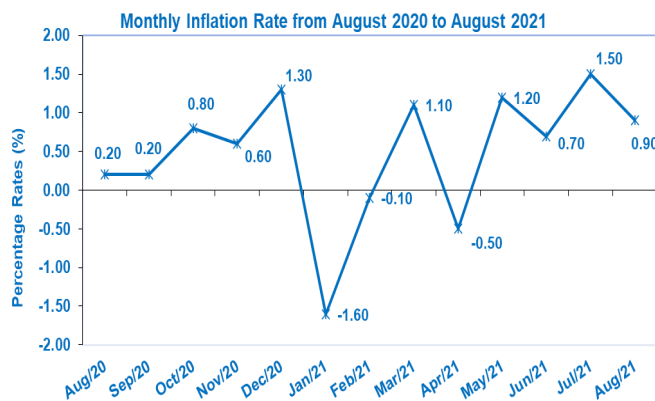
PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry decreased by 0.5% for July 2021”, according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 0.5% decrease in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the Manufacturing industry rose by 1.5%, which was mainly attributed to increases in the index for the major groups ‘Refined Petroleum Products’, ‘Food, Beverages & Tobacco’ and ‘Chemicals and Chemical Products’ which moved up by 5.1%, 0.6% and 0.6% respectively.

For the point-to-point period, July 2020 – July 2021, the index for the Mining & Quarrying industry rose by 19.6%. This growth was attributed to an increase of 20.2% in the index for the major group ‘Bauxite Mining & Alumina Processing’. The point-to-point index for the Manufacturing industry increased by 15.5% due to the 46.2 per cent increase in the ‘Refined Petroleum Products’ major group.



Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for August 2021 was 112.3 resulting in an inflation rate of 0.9% when compared to the previous month’s inflation rate of 1.5%. STATIN noted that, “This movement was primarily due to the 1.8% increase in the index for the heavily weighted ‘Food and Non-Alcoholic Beverages’ division. The index for the class ‘Vegetables, tubers, plantains, cooking bananas and pulses’ rose by 4.4% as prices continued to increase for some agricultural produce such as yam, tomato and sweet pepper.” Furthermore, “The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division increased by 0.3% during the review period, due mainly to an increase in electricity rates. This movement was however, moderated by a decline in water and sewage rates..”

The index for the ‘Food and Non-Alcoholic Beverages’ division increased by 1.8% for August 2021 mainly due to the 1.8% rise in the index for the group ‘Food’. The index for the class ‘Vegetables, tubers, plantains, cooking bananas and pulses’ rose by 4.4% influenced mainly by higher prices for agricultural produce such as yam, Irish potato, tomato and sweet pepper. Other classes registering notable increases were: ‘Meat and other parts of slaughtered land animals’ (1.2%), ‘Fruits and nuts’ (2.9%) and ‘Cereals and cereal products’ (0.5%). The index for the ‘Non-Alcoholic Beverages’ group increased by 0.5%.

The ‘Alcoholic Beverages, Tobacco and Narcotics’ division grew by 0.2% for August 2021, resulting from the 0.3% increase in the index for the group ‘Alcoholic Beverages’ attributable to higher prices for spirits, wines and beers. While the division for ‘Clothing and Footwear’ observed an increase of 0.6% in its index for August 2021. In the index, the group ‘Clothing’ and ‘Footwear’ rose by 0.7% and 0.5% respectively.

The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division rose by 0.3% influenced by higher rates for electricity which led to the 1.1% increase in the index for the group ‘Electricity, Gas and Other Fuels’. There was also an increase in the index for the ‘Maintenance, Repair and Security of the Dwelling’ group which moved up by 2.2%. This was however tempered by the 1.6% fall in the index for the group ‘Water Supply and Miscellaneous Services Relating to the Dwelling’. The decline in this group was due to lower water and sewage rates.

The index for the ‘Transport’ division increased by 0.4% which was influenced by higher petrol prices for personal transport equipment. The index for the division ‘Restaurants and Accommodation Services’ increased by 0.3% for August 2021. Resulting from increased prices for meals consumed away from home as well as higher prices for accommodation services.

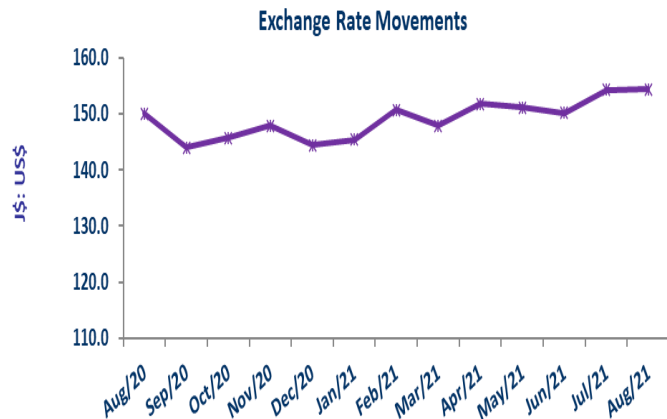
The ‘Recreation, Sport and Culture’ division registered a 0.6% rise for the period under review. Resulting from a 0.7% increase registered for the group, ‘Newspapers, Books and Stationery’. This upward movement resulted from higher prices for school books and stationery.



FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of August 2021. The JMD depreciated by \$0.06 in August, to close the month at an average of \$154.33 relative to the \$154.27 recorded in July 2021. Year over year, the JMD has depreciated by approximately \$9.31 or 6.42% relative to the \$144.96 reported as at July 2020.



INTERNATIONAL FOREX

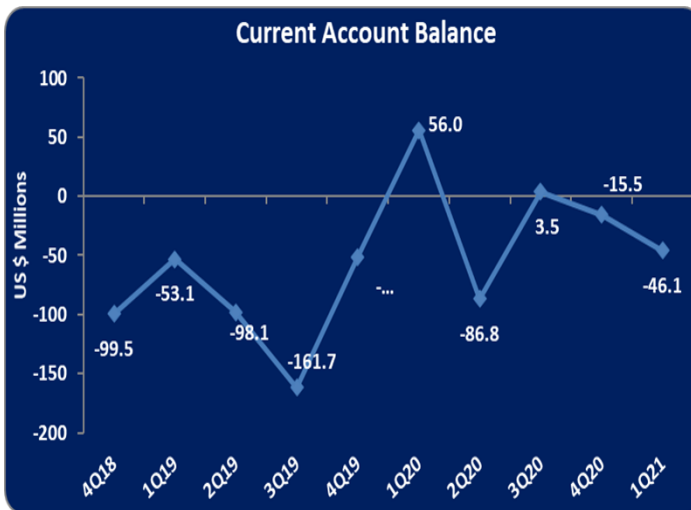
GBP/USD: The pair closed at **\$1.3784** for the month of August. According to FX Empire, to close the month “The British pound rallied a bit during the trading session as the market tried to break above the 1.38 handle.” Looking forward, “The market will continue to be very noisy and choppy then the market could go looking towards the 1.40 level above, which had been massive resistance previously.”

EUR/USD: For August 2021, the EUR/USD pair closed at **\$1.1848** versus \$1.1870 at the start of the month, a 0.19% decrease. According to FX empire, “U.S. dollar tries to gain some ground against Euro. Foreign exchange market traders will take a look at the final reading of Euro Area Manufacturing PMI report for August which is expected to show that Manufacturing PMI declined. While In the U.S., traders will focus on ADP Employment Change report which is projected to show that private businesses added 613,000 jobs in August. The final reading of U.S. Manufacturing PMI report is projected to show that Manufacturing PMI declined. Traders should be prepared for volatility.”

August 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3905	1.3958	1.3602	1.3784
USD/CAD	1.2456	1.2949	1.2433	1.2606
EUR/USD	1.1870	1.1900	1.1664	1.1848
USD/JPY	109.65	110.80	108.72	110.04

USD/CAD: The CAD depreciated against the USD during the month of August by 1.20% to close at \$1.2606.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account deficit (CAD) of Jamaica’s balance of payments for the March 2021 quarter amounted to US\$46.2 million (0.3 per cent of GDP), US\$102.2 million higher (worse) than the outturn recorded for the March 2020 quarter. The deterioration of the services subaccount was underpinned primarily by the fall-out in the tourism sector due to the continued impact of the Covid-19 pandemic

The CAD of the balance of payments for FY2021/22 is projected to deteriorate within the range of 1.0 per cent to 2.0 per cent of GDP from 1.1 per cent of GDP in FY2020/21.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	May-20	Mar-21	May-21
Total Money Supply (M2*)	14.1	16.2	16.0
Money Supply (M2J)	12.1	16.7	17.9
Money Supply (M1J)	17.7	21.3	18.9
Currency with the public	26.6	24.8	19.0
Demand Deposits	11.9	19.0	18.9
Quasi Money	7.4	12.6	17.0
Savings Deposits	16.8	14.6	17.3
Time Deposits	-19.6	5.6	16.6
Foreign Currency Deposits	17.7	12.6	12.7

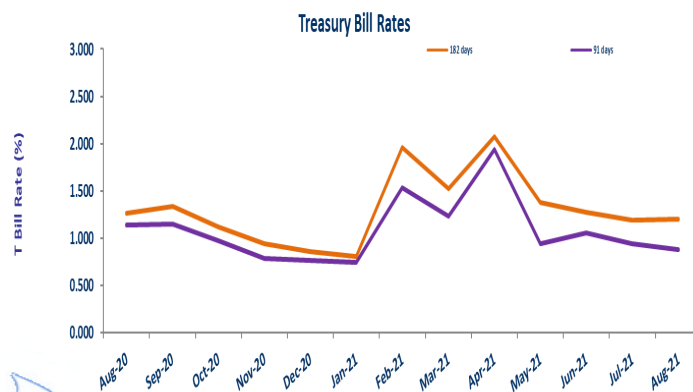
According to the latest data available from the Bank of Jamaica’s quarterly report, “The expansion in M2J at May 2021 was largely underpinned by growth of 17.7 per cent in local currency deposits, an acceleration relative to the 14.8 per cent recorded at end-March 2021. The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 17.3 per cent and 18.9 per cent, respectively, relative to growth of 14.6 per cent and 19.0 per cent in March 2021.”





Treasury Bills:

For the month of August, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.2 billion in treasury bills, while applications totaled J\$3.43 billion, J\$3.21 billion and J\$3.52 billion for the 91-day bill, 182-day bill and the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 0.87%, down 6.4 basis points compared to July 2021, the 182-day treasury bill auction resulted in the average yield of 1.2%, up 1.6 basis points relative to the prior month. The average yields on the 91-day decline by 25.6 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills went down 6.1 basis points relative to the corresponding auctions in 2020. (Refer to the graph on the right).



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
31-Aug-21	3.66 Years	4.50%	N/A	Fixed	27-Apr-25
31-Aug-21	29.33 Years	12.25%	N/A	Fixed	14-Dec-50

The Bank of Jamaica issued two long-term Benchmark Investment Notes during the month of August.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in June 2021 amounted to 166,046 a 2,210% change when compared 7,188 recorded June 2020. Notably this is due to global travel restrictions as a result of the pandemic. Jamaica borders were re-opened on June 15, 2020 with the exception of the cruise ship piers.

Stopover arrivals from the U.S. market total of 157,472 arrivals, there were 6,458 arrivals in June 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 1,777 while the European market region recorded a total of 4,704 stopover arrivals in June 2021. Arrivals from Caribbean totaled 1,401 stopovers.

Stopover Arrivals by Market Region					
Country	June 2021	Share %	June 2020	Share %	Change %
U.S.A.	157,472	94.8%	6,458	89.8%	2338.4%
Canada	1,777	1.1%	485	6.7%	266.4%
Europe	4,704	2.8%	133	1.9%	3436.8%
Latin America	424	0.3%	5	0.1%	8380.0%
Caribbean	1,401	0.8%	90	1.3%	1456.7%
Asia	144	0.1%	11	0.2%	1209.1%
Others	124	0.1%	6	0.1%	1966.7%
Total	166,046	100.0%	7,188	100.0%	2210.0%



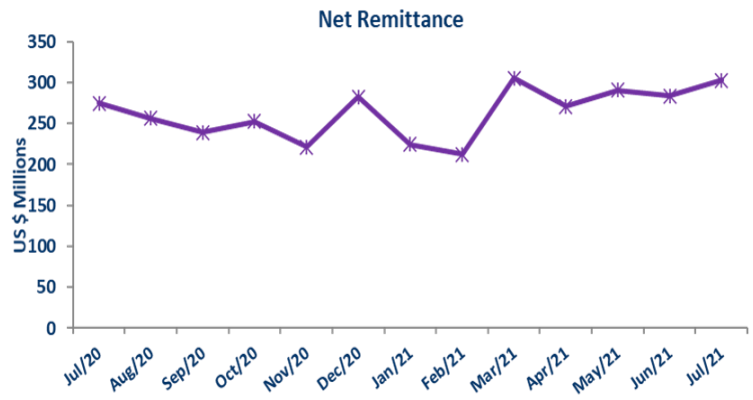
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for July 2021, showed net remittances were US\$302.4 million, an increase of US\$27.7 million (10.1%) relative to US\$274.7 million reported for the corresponding month of 2020.

Total remittance inflows from April to July 2021 of US\$1,223.7 million increased by 23.7% or US\$234.4 million relative to the previous corresponding period.

For July 2021, total inflows amounted to US\$323.6 million (2020: US\$292.6 million), while outflows totalled US\$21.2 million (2020: US\$18.0 million).

The largest source market of remittances to the island in July was USA with a share of 70.4% (2020: 69.3%). The remaining remittances during the aforementioned month came from UK (10.2%) followed by Canada (11.4%) and the Cayman Islands (4.8%).



NET INTERNATIONAL RESERVES

Jamaica’s Net International Reserves (NIR) totalled US\$3,888.67 million as at August 2021, reflecting an increase of US\$529.13 million relative to the US\$3,359.55 million reported at the end of July 2021 (see figure 1).

Foreign Assets totalled US\$4,784.49 million, US\$526.29 million more than the US\$4,258.20 million reported for July 2021. ‘Currency & Deposits’ contributed the most to the increase in Foreign Assets. ‘Currency & Deposits’ as at August 2021 totalled US\$3,735.64 million reflecting an increase of US\$17.77 million compared to US\$3,717.86 million booked as at July 2021.

‘Securities’ amounted to US\$326.75 million; US\$2.99 million more than the US\$323.75 million reported at July 2021. While ‘SDR & IMF Reserve Position’ amounted to US\$722.10 million; US\$505.52 million more than the US\$216.59 million reported at July 2021. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$895.81 million which reflected a month on month decline of US\$2.84 million in comparison to the US\$898.65 million recorded for July 2021.

At its current value, the NIR is US\$1.13 billion more than its total of US\$2,759.39 million reported at the end of August 2020. The current reserve is able to support approximately 46.13 weeks of goods imports and 32.92 weeks of goods and services imports.

